GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:879
ANSWERED ON:28.11.2006
VALUE BASED COMPENSATION ON MINERALS
Bhakta Shri Manoranjan

Will the Minister of MINES be pleased to state:

(a) whether the study conducted b y the Ministry reveals that the value based compensation on Minerals/Mines will replace the tonnage-based royalty currently being paid at ad valorem of 2.5% to 7%;

(b) if so, the details; and

(c) the decision taken/proposed to be taken by the Mineral Advisory Council in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF MINES (DR. T. SUBBARAMMI REDDY)

(a)&(b). A Study Group was set up in the Ministry of Mines to suggest revision of rates of royalty and dead rent on major minerals(other than coal, lignite and sand for stowing). There was no recommendations of the Study Group to replace the tonnage base royalty currently being paid at ad valorem of 2.5% to 7%.

(c). 28th meeting of the Mineral Advisory Council was held on 6.11.2006 at New Delhi in which the issue of transition of rates of royalty on ad valorem basis was supported by State Governments. As per the MMDR Act, 1957 the Central Government shall enhance the rates of royalty in respect of any mineral once in a period of 3 years. Since the last revision of rates was done on 14.10.2004, the next revision of rates would be possible after 13.10.2007.